

Message Text

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ACTION NEA-16

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TRSE-00 EB-11 SSO-00 AID-20 CIEP-02 OMB-01 SPM-01

COME-00 AGR-20 FRB-03 XMB-07 STR-08 CEA-02 DRC-01

SAM-01 /146 W

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 7758

UNCLAS CAIRO 5174

PLEASE PASS TO DEPT OF TREASURY

E.O. 11652: N/A

TAHS: OVIP (SIMON)

SUBJECT: PRESS PLAY OF SIMON VISIT

1. SECRETARY SIMON'S VISIT CONTINUES TO RECEIVE FRONT PAGE
COVERAGE IN EGYPTIAN PRESS AND IS LEAD ITEM ON CAIRO RADIO
AND TV NEWS BROADCASTS. CAIRO NEWSPAPERS JULY 15; REITERATE

THE SECRETARY'S SCHEDULE, NOTING IN PARTICULAR THAT HE WILL MEET
RECONSTRUCTION MINISTER OTHMAN WHO HAS PUT OFF A SUEZ CANAL VISIT TO
PARTICIPATE IN DISCUSSIONS.

2. ACCORDING TO PRESS ACCOUNTS, SECRETARY SIMON TOLD DR. HEGAZI
HE WELCOMES THE THOROUGH REVIEW OF THE EGYPTIAN ECONOMY PROPOSED
BY HEGAZI, ADDING USG WILL "EXERT ALL EFFORTS TO MEET EGYPT'S
NEEDS". REPORTEDLY, THE SECRETARY SUGGESTED ESTABLISHMENT OF
A BODY TO ACT AS A PERMANENT LINK TO FOLLOWUP PROGRESS IN
FIELDS OF BILATERAL COOPERATION.

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3. ALL ARABIC LANGUAGE PAPERS GIVE FOLLOWING ACCOUNT OF

HEGAZI'S PRESENTATION TO SECRETARY SIMON. HEGAZI REPORTEDLY SAID PROBLEMS INCLUDE DEFENSE EXPENDITURES, 2 1/2 PERCENT ANNUAL POPULATION GROWTH RATE, AND PRESSURE ON AVAILABLE ECONOMIC RESOURCES, PARTICULARLY AS REGARDS IMPORT OF FOOD AND VITAL CONSUMER COMMODITIES. DURING CURRENT PHASE, HEGAZI REPORTEDLY WENT ON, EGYPT FACES INCREASE IN PRICES OF IMPORTED FOODS - WHEAT, FOR EXAMPLE, WENT FROM \$65 A TON TO \$210 A TON, AND CONSEQUENTLY STATE SUBSIDIES TO STABILIZE FOOD PRICES INCREASED BY 210 MILLION EGYPTIAN POUNDS A YEAR, THUS INCREASING PRESSURE OF EGYPTIAN BALANCE OF PAYMENTS. THE NEWSPAPERS SAY HEGAZI PUT COST OF RECONSTRUCTION PROJECTS IN SUEZ CANAL AREAS AT 3.3 MILLION DOLLARS INCLUDING ENLARGING PORT SAID AND SUEZ HARBORS AND REOPENING CANAL. HEGAZI REPORTEDLY ALSO DISCUSSED IMPORTANCE OF "USG INITIATIVE" TO FINANCE FUTURE REQUIREMENTS, ESPECIALLY THROUGH EX-IM, IBRD, AND AID.

4. PAPERS REPORT FURTHER THAT SECRETARY SIMON AND MINFIN AGREED TO SET UP JOINT COMMITTEES OF FINANCIAL EXPERTS TO BEGIN WORK IMMEDIATELY ON POSSIBILITIES FOR BILATERAL COOPERATION.

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